

Message Text

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ACTION EA-10

INFO OCT-01 EUR-12 ISO-00 AID-05 EB-07 TRSE-00 PM-03

INR-07 IO-10 L-02 NSAE-00 NSC-05 PA-01 DPW-01 PRS-01

OMB-01 SS-15 SSO-00 INRE-00 /081 W

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O R 161015Z APR 75

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC IMMEDIATE 5429

INFO AMEMBASSY BANGKOK

AMCONSUL BIEN HOA

AMCONSUL CAN THO

AMEMBASSY JAKARTA

AMEMBASSY PARIS

AMEMBASSY SEOUL

AMEMBASSY TOKYO

USIA WASHDC

USDEL JEC PARIS UNN

CIA

DIA

JCS

JUSMAAG

WHITE HOUSE

USAJFKCMA/ATCS-WL-DSA

CINCPAC/POLAD

CINCPACAF

CINCPACFLT

USDAO/SAIGON

AMEMBASSY LONDON

AMEMBASSY BUDAPEST

AMEMBASSY CANBERRA

AMEMBASSY MANILA

AMEMBASSY MOSCOW

AMEMBASSY STOCKHOLM

AMEMBASSY VIENTIANE

AMEMBASSY WARSAW

AMEMBASSY WELLINGTON

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C O N F I D E N T I A L SECTION 1 OF 3 SAIGON 5108

DEPT PASS IMMEDIATE IBS/NCA

E.O. 11652: GDS

TAGS: PINR, PINS, PINT, VS, ECON, PFOR

SUBJECT: EMBASSY SAIGON'S MISSION WEEKLY - APR 10 - 16, 1975

WEEKA ITEMS

--NEW GOVERNMENT ANNOUNCED

--THIEU SPEAKS AT PRESENTATION OF NEW CABINET

--VIETNAMESE REACTION TO PRES FORD'S ADDRESS ON US FOREIGN
RELATIONS

--AN QUANG BUDDHISTS PROTEST EVACUATION OF ORPHANS

--UPPER HOUSE HOLDS PLENARY SESSION

--ICCS

--GVN NOTE STRESSES COMMITMENT TO PARIS AGREEMENT

--FOREIGN MINISTER VISITS SAUDI ARABIA

--SAIGON AREA MANUFACTURING ACTIVITY DUE FOR FURTHER DECLINE

--HAO THREATENS GOVERNMENT TAKEOVER OF IDLE BUSINESSES

--JAPANESE POSTPONE LOAN TO GVN

--DEZCA FIGHTING NUDGES FOOD PRICES UP

--GOLD AND DOLLAR RATES UP

I. INTERNAL

A. NEW GOVERNMENT ANNOUNCED

NEW GOVT WAS ANNOUNCED ON APR 14 BY PRIME MINISTER NGUYEN
BA CAN AT PRESENTATION CEREMONY AT INDEPENDENCE PALACE. WITH
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REPRESENTATION FROM VIRTUALLY EVERY MAJOR FACTION IN SVN, GOVT
OVERWHELMINGLY CIVILIAN AND YOUNG, WITH FAIR SPRINKING OF
TECHNOCRATS. HOLD OVERS FROM PREVIOUS CABINET GENERALLY CON-
SIDERED EFFECTIVE BY BOTH VIETNAMESE AND AMERICANS AND NEW
ADDITIONS - ALTHOUGH NOT ALL NATIONALLY PROMINENT - ARE LARGELY
MEN OF STATURE WITH GOOD REPUTATIONS. ADVISORY COUNCIL COMPOSED
OF WELL-KNOWN LEADERS AND OPPOSITIONISTS FROM ORGANIZED LABOR,
HOA HAO, CATHOLICS AND AN QUANG. DUBBED A "WAR GOVT OF UNION"

BY PRIME MINISTER CAN, NEW CABINET HAS 18 NEW MEMBERS OUT OF TOTAL OF 30 AND ADVISORY COUNCIL OF 6 MEMBERS (SAIGON 4680, SAIGON, 4901, SAIGON 4952).

IN PRESENTATION ADDRESS, CAN SAID THAT "MANY PRESTIGIOUS PERSONALITIES BELONGING TO VARIOUS PEOPLE'S ORGANIZATIONS, INCLUDING THOSE WHO ARE KNOWN TO BE INDEPENDENT OR IN THE OPPOSITION, HAVE AGREED TO COOPERATE WITH THE GOVT OF UNION."

ADVISORS TO NEW GOVT ARE:

MR. TRAN QUOC BUU

MR. LUONG TRONG TUONG

FATHER HOANG QUYNH

FATHER CAO VAN LUAN

VENERABLE QUANG LONG

DOCTOR NGUYEN VAN THO

MEMBERS OF NEW GOVT ARE:

MR. NGUYEN BA CAN PRIME MINISTER OF THE GOVT

RET LTG TRAN VAN DON DEPUTY PRIME MINISTER IN CHARGE OF
INSPECTION AND CONCURRENTLY
MINISTER OF DEFENSE

DR. NGUYEN VAN HAO DEPUTY PRIME MINISTER IN CHARGE OF
PRODUCTION AND CONCURRENTLY MINISTER
OF AGRICULTURE AND INDUSTRY

ENGINEER DUONG KICH NHUONG DEPUTY PRIME MINISTER IN CHARGE OF
RELIEF AND RESETTLEMENT PROGRAM

LAWYER LE TRONG QUAT SECY OF STATE WITHOUT PORTFOLIO

DR. NGUYEN VAN AI SECY OF STATE WITHOUT PORTFOLIO

PROF PHAM THAI SECY OF STATE WITHOUT PORTFOLIO

MR. NGUYEN XUAN PHONG SECY OF STATE IN CHARGE OF NEGOTIATIONS AND CONCURRENTLY HEAD OF
THE REPUBLIC OF VN MISSION TO THE
PEACE TALKS

LAWYER VUONG VAN BAC MINISTER OF FOREIGN AFFAIRS

SENATOR NGO KHAC TINH MINISTER OF JUSTICE

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MR. BUU VIEN MINISTER OF INTERIOR

PROF NGUYEN DUY XUAN MINISTER OF CULTURE, EDUCATION AND
YOUTH

MR. LE QUANG TRUONG MINISTER OF FINANCE

MR. NGUYEN VAN DIEP MINISTER OF TRADE AND SUPPLY

DR. NGUYEN TIEN HUNG MINISTER OF PLANNING

ENGINEER NGUYEN XUAN DUC MINISTER OF PUBLIC WORKS
AND COMMUNICATIONS

JUDGE HUYNH DUC BUU MINISTER OF VETERANS AFFAIRS

BG PHAN HOA HIEP MINISTER OF INFORMATION AND OPEN ARMS

SENATOR TON THAT NIEM MINISTER OF HEALTH

DEPUTY VU CONG MINISTER OF LABOR

MR. TRAN VAN MAI MINISTER OF SOCIAL WELFARE

MR. NAY LUETT MINISTER OF ETHNIC DEVELOPMENT

DEPUTY PHAM ANH MINISTER IN CHARGE OF RELATIONS

WITH THE NATIONAL ASSEMBLY

MR. NGUYEN LONG CHAU MINISTER AT THE PRIME MINISTER'S
OFFICE

MR. LE QUAN GIANG DEPUTY MINISTER OF FOREIGN AFFAIRS

MR. NGUYEN THANH LIEM DEPUTY MINISTER OF EDUCATION

ENGINEER DOAN MINH QUAN DEPUTY MINISTER OF AGRICULTURE

ENGINEER NGUYEN HUU TAN DEPUTY MINISTER OF INDUSTRY

ENGINEER HOANG NGOC THAN DEPUTY MINISTER FOR RELIEF

BG NGUYEN VAN CHUC DEPUTY MINISTER FOR RESETTLEMENT

B. THIEU SPEAKS AT PRESENTATION OF NEW CABINET

IN REPLY TO SPEECH BY PRIME MINISTER CAN AT PRESENTATION
CEREMONY ON APR 14, PRES THIEU COMMENDED MEMBERS OF NEW GOVT
FOR AGREEING TO PARTICIPATE IN IT AND DECLARED THAT HE WILL
"CONTINUE TO ENCOURAGE AND URGE THE PRIME MINISTER TO MAINTAIN
AND DEVELOPE THIS UNITY SO ALL THE PEOPLE CAN PARTICIPATE IN
NATIONAL AFFAIRS IN SOME FORM AND IN SOME SPHERE". PRES THIEU
OUTLINED FOLLOWING URGENT TASKS TO BE PROMTLY EXECUTED:
DEFEATING COMMUNIST AGRESSION AND PREPARING FOR A COUNTER-

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OMB-01 SS-15 SSO-00 INRE-00 /081 W

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O R 161015Z APR 75

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC IMMEDIATE 5430

INFO AMEMBASSY BANGKOK

AMCONSUL BIEN HOA

AMCONSUL CAN THO

AMEMBASSY JAKARTA

AMEMBASSY PARIS

AMEMBASSY SEOUL

AMEMBASSY TOKYO

USIA WASHDC

USDEL JEC PARIS UNN

CIA

DIA
JCS
JUSMAAG
WHITE HOUSE
USAFKCM/ATCS-WL-DSA
CINCPAC/POLAD
CINCPACAF
CINCPACFLT
USDAO/SAIGON
AMEMBASSY LONDON
AMEMBASSY BUDAPEST
AMEMBASSY CANBERRA
AMEMBASSY MANILA
AMEMBASSY MOSCOW
AMEMBASSY STOCKHOLM
AMEMBASSY VIENTIANE
AMEMBASSY WARSAW
AMEMBASSY WELLINGTON

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OFFENSIVE; STABILIZING REAR BASE; EFFECTIVELY ACCELERATING RELIEF AND RESETTLEMENT OF REFUGEES; AND CONSOLIDATING FIGHTING SPIRIT "WHILE FULLY REPLYING ON POSITIVE, QUICK, EFFECTIVE AND SUFFICIENT ASSISTANCE OF OUR ALLIES AND OF THE WORLD IN ALL FIELDS, IN COMBAT AS WELL AS IN SOCIAL RELIEF, IN ORDER TO CONTINUE FIGHT TO PROTECT FREEDOM AND OUR COUNTRY." PRES THIEU ALSO SAID NEW GOVT MUST "ELIMINATE SOCIAL VICES AND ACCOMPLISH THE ADMINISTRATIVE REVOLUTION AIMED AT GIVING EFFECTIVE SERVICE TO PEOPLE."

STATING THAT GVN HAS THUS FAR MAINTAINED MAXIMUM GOODWILL FOR NEGOTIATION WITH COMMUNIST AGGRESSORS, PRES THIEU DECLARED THAT GVN HAD ADVANCED VERY CONCRETE PROPOSALS AND ADDED THAT: "RECENTLY AT VERY TIME WHEN NVN COMMUNISTS WERE LAUNCHING FIERCE GENERAL OFFENSIVE, I APPEALED TO OTHER SIDE TO RETURN TO CONFERENCE TABLE TO SERIOUSLY NEGOTIATE WITH US ON A POLITICAL SOLUTION SPECIFIED IN 27 JAN 1973 PARIS AGREEMENT. IN MY APPEAL, I EXPRESSED OUR READINESS TO DISCUSS ANY PROBLEM INCLUDING ONE THAT OTHER SIDE HAS OFTEN DEALT WITH - FORMATION OF NATIONAL COUNCIL OF NATIONAL RECONCILIATION." STATING THAT HE EXPECTED AN "APPRECIATIVE ATTITUDE" ON PART OF US CONGRESS, PRES THIEU CALLED UPON NEW GOVT MEMBERS TO DEDICATE THEMSELVES TO SAVING THE COUNTRY AND SERVING PEOPLE. PRES THIEU ALSO APPEALED TO "ALL PEOPLE AND ALL POLITICAL, RELIGIOUS AND SOCIAL ORGANIZATIONS TO PUT ASIDE PERSONAL DIFFERENCES AND TO UNITED AROUND FIGHTING GOVT OF UNITY IN ORDER TO STRUGGLE FOR SURVIVAL OF OUR SOUTH."

C. VIETNAMESE REACTION TO PRES FORD'S ADDRESS ON US FOREIGN RELATIONS

IMMEDIATE IMPACT OF PRES FORD'S ADDRESS ON VIETNAMESE PEOPLE AND ARMED FORCES HAS BEEN GENERALLY FAVORABLE AND BOOST TO SAGGIN MORALE. FEW OFFICIALS, HOWEVER, BELIEVE CONGRESS WILL APIUGVE PRES FORD'S PROPOSALS IN THEIR ENTIRETY AND OTHERS, ESPECIALLY THOSE WHO ROUTINELY FOLLOW AMERICAN AFFAIRS CLOSELY OR STILL NURTURE HOPE THAT DIRECT US MILITARY FORCE WILL BE USED TO HALT OFFENSIVE, REACTED TO SPEECH WITH BITTERNESS AND DISAPPOINTMENT.

AL SAIGON DAILIES CARRIED BANNER HEADLINES WHICH TENDED EMPHASIZE EMERGENCY NATURE OF PROPOSAL AND FACT PRES CALLED ON HANOI TO HALT MILITARY ACTIVITY IN SVN. ADDRESS IS STILL RE-
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CEIVING CONSIDERABLE COVERAGE IN LOCAL PRESS, AND RADIO/TV CONTINUED BROADCASTING FAVORABLE COMMENTARY ON EVENT AT FREQUENT INTERVALS DURING LAST SEVERAL DAYS. GOVT. MEDIA ARE OMITTING ALL MENTION OF POSSIBLE EVACUATION.

OFFICIAL GVN STATEMENT EXPRESSED "ELATION" OVER "REAFFIRMATION" OF US COMMITMENTS AIMED AT ASSISTING RVN'S STRUGGLE AGAINST NORTH VIETNAMESE COMMUNIST AGRESSORS" AND DECLARED: "...THESE COMMITMENTS AND ASSISTANCE ENCOURAGE THEM TO PERSIST IN STRUGGLE FOR THEIR OWN SURVIVAL AND TO PROTECT THEM TO PERSIST IN STRUGGLE FOR THEIR OWN SURVIVAL AND TO PROTECT AND BUILD A LIFE CONSISTENT WITH THEIR DESIRES FOR PEACE AND FREEDOM."

VIETNAMESE WHO REACTED FAVORABLY TO ADDRESS GENERALLY STRESSED FACT THAT PRES FORD EMPHASIZED SPECIAL US/VIETNAMESE RELATIONSHIP AND ALSO SPECIAL OBLIGATION OF US TOWARD VIETNAM, CALLED ON HANOI TO CEASE MILITARY ACTIVITY IMMEDIATELY, AND SEND DIPLOMATIC NOTES TO SOVIET UNION AND PRC. MOST IMPORTANT ITEM OF SPEECH, ACCORDING TO NUMBER EMBASSY CONTACTS, WAS AMOUNT OF AID REQUESTED AND FACT IT WAS "MILITARY" AID.

SENIOR GVN OFFICIAL CONTENTED THAT COMMUNISTS ARE CAREFULLY WATCHING SITUATION AND ARE POISED TO EXPLOIT IT MILITARILY AND NOTED THAT INCREASING NUMBER OF GVN OFFICIALS AND INTELLECTUALS SLOWLY ACCEPTING REALITY THAT US SUPPORT WILL NOT BE FORTHCOMING AND DEMISE FOR RVN SIMPLY MATTER OF TIME. ANOTHER GVN OFFICIAL EXPRESSED VIEW THAT VIETNAMESE WOULD BE ENCOURAGED BY ADDRESS BUT DISCOURAGED THAT SPEECH DID NOT GO FAR ENOUGH (SAIGON 4861).

D. AN QUANG BUDDHISTS PROTEST EVACUATION OF ORPHANS

VEN THICH TRI THU, AN QUANG HIGH SECULAR COUNCIL RECTOR, ISSUED STATEMENT APR 7 IN WHICH HE "STRONGLY DENOUNCES TO PUBLIC OPINION AT HOME AND ABROAD, THE ACTION OF USING A HUMANITARIAN LABEL" FOR EVACUATION OF VIETNAMESE ORPHANS TO THE US. "IT IS A SCHEME TO USE THE VIETNAMESE IN A POLICY OF ENSLAVEMENT OF FOREIGN COUNTRIES." THE BUDDIST CHURCH, ACCORDING TO THE STATEMENT, AFFIRMS THAT:

ORPHANAGES THROUGHOUT THE COUNTRY SHOULD RESOLUTELY PROTECT

ORPHANS AND NOT PERMIT THE ADMINISTRATION TO TAKE THEM AWAY.
ALL ORPHANS SHOULD BE RETURNED TO VIETNAM WHEN PEACE IS
RESTORED.

THE BUDDHIST CHURCH APPEALS TO THE INTERNATIONAL FOSTER
PARENTS' ASSOCIATION AND THE CHILDRENS' PROTECTION ASSOCIATION
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TO ASSIST THE CHURCH IN ESTABLISHING A MODEL ORPHANS VILLAGE IN
VIETNAM.

E. UPPER HOUSE HOLDS PLENARY SESSION

THE UPPER HOUSE MET ON APR 10 TO CONSIDER THE DRAFT
POLITICAL PARTIES BILL, AN AMENDMENT GOVERNING ENTERTAINMENT
TAXES AND AN AMENDMENT TO THE INCOME TAX LAW. ON A MOTION
FROM SENATOR TRUONG TIEN DAT THE UPPER HOUSE POSTPONED DEBATE
ON THE POLITICAL PARTIES LAW "UNTIL A MORE CONVENIENT TIME."
TWO BILLS, WHICH HAS BEEN ADOPTED PREVIOUSLY BY THE LOWER HOUSE,
WERE PASSED DURING THE SESSION. AN AMENDMENT TO DECREE LAW
021-TT/SLU GOVERNING INCOME TAXES AND AN AMENDMENT TO DECREE
LAW 034 GOVERNING ENTERTAINMENT TAXES WILL NOW BE SENT TO THE
PRES FOR FINAL ACTION.

F. ICCS

AS OF APR 16, ICCS STRENGTHS WERE 21 IRANIANS, 32 INDONESIANS,
81 HUNGARIANS AND 102 POLES. ACCORDING TO RVN DELEGATION, 35
HUNGARIANS ARE SCHEDULED TO DEPART ON APR 22 AND 75 POLES ON
APR 26. ACCORDING TO INDO/DEL DCM SAMIL, INDO/DEL WILL REDUCE
TO 10 OR 11 BY MAY BUT WILL MAINTAIN CAPABILITY TO REEXPAND
DELEGATION QUICKLY.

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O R 161015Z APR 75
FM AMEMBASSY SAIGON
TO SECSTATE WASHDC IMMEDIATE 5431
INFO AMEMBASSY BANGKOK
AMCONSUL BIEN HOA
AMCONSUL CAN THO
AMEMBASSY JAKARTA
AMEMBASSY PARIS
AMEMBASSY SEOUL
AMEMBASSY TOKYO
USIA WASHDC
USDEL JEC PARIS UNN
CIA
DIA
JCS
JUSMAAG
WHITE HOUSE
USAJFKCMA/ATCS-WL-DSA
CINCPAC/POLAD
CINCPACAF
CINCPACFLT
USDAO/SAIGON
AMEMBASSY LONDON
AMEMBASSY BUDAPEST
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AMEMBASSY WARSAW
AMEMBASSY WELLINGTON

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C O N F I D E N T I A L SECTION 3 OF 3 SAIGON 5108

DEPT PASS IMMEDIATE IBS/NCA

II. EXTERNAL

A. GVN NOTE STRESSES COMMITMENT TO PARIS AGREEMENT

MFA APR 16 TRANSMITTED A NOTE TO THE PARTIES OF THE ACT OF
THE INTERNATIONAL CONFERENCE ON VIETNAM CONDEMNING NORTH VIETNAM'S
"MASSIVE AND ALL-OUT OFFENSIVE" AGAINST THE RVN. NOTE RECALLED
THAT GVN HAD SHOWN ITS DESIRE FOR A POLITICAL SOLUTION BY
ADVANCING VARIOUS PROPOSALS LOOKING TOWARD GENERAL
ELECTIONS, BUT THAT "PRG" HAD REJECTED THEM. NOTE CITED STATEMENT
BY PRES THIEU APR 14 THAT GVN DESIRED "DISCUSSIONS OF ALL ISSUES,
ON THE BASIS OF THE PARIS AGREEMENT OF 27 JAN 1973, INCLUDING THE
FORMATION OF THE NATIONAL COUNCIL OF RECONCILIATION AND CONCORD."

NOTE RECORDED GVN DETERMINATION TO RESIST BUT WENT ON TO STRESS ITS WILLINGNESS TO NEGOTIATE WITHOUT PRECONDITIONS. NOTE CLOSED WITH AN APPEAL TO THE PARTIES TO ACT TO END HOSTILITIES AND HELP IN RESUMPTION OF NEGOTIATIONS.

B. FOREIGN MINISTER VISITS SAUDI ARABIA

FOLLOWING A VISIT TO SAUDI ARABIA, WHERE HE MET KING KHALID APR 12, FOREIGN MINISTER VUONG VAN BAC IS CURRENTLY IN LONDON AND IS EXPECTED TO VISIT WASHINGTON SHORTLY.
END CONFIDENTIAL

BEING LIMITED OFFICIAL USE

III. ECONOMIC

A. SAIGON AREA MANUFACTURING ACTIVITY DUE FOR FURTHER DECLINES

A SURVEY OF MANUFACTURING FIRMS IN THE SAIGON AREA INDICATES THE PROSPECT OF FURTHER, POSSIBLY SEVERE, OUTPUT AND EMPLOYMENT CUTBACKS IN THE WAKE OF THE NVA OFFENSIVE. FACTORS ATTRIBUTABLE TO THE OFFENSIVE ITSELF ARE THE VIRTUAL CESSATION OF NEW INVESTMENT ACTIVITY, THE REDUCTION IN MARKETS OCCASIONED BY THE LOSS OF THE NORTHERN PROVINCES, AND THE DEPARTURE OF LARGE NUMBERS OF JAPANESE AND TAIWANESE TECHNICIANS. ONGOING PROBLEMS INCLUDE CONTINUED DIFFICULTIES IN OBTAINING IMPORTED MATERIALS AND SPARE PARTS AND THE CONTINUED DECLINE IN CONSUMER PURCHASING POWER. APART FROM REDUCED CONSUMER PURCHASING POWER PER SE, AN ADDITIONAL FACTOR IN THE CURRENT LOW RATE OF SALES IS THE PUBLIC'S CURRENT PREFERENCE FOR LIQUIDITY, AS EVIDENCED BY SOARING PRICES FOR GOLD AND BLACK MARKET
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DOLLARS.

VIRTUALLY ALL INDUSTRIES QUERIED HAVE REPORTED HIGH INVENTORIES, REDUCED SALES, AND CUTBACKS EITHER PLANNED OR ALREADY STARTED. PLANNED OR ACTUAL SHUTDOWNS WERE REPORTED IN TEXTILES (3 OF 23 FIRMS QUERIED), CHEMICALS (ROOFING, FOAM, AND GLASS PRODUCERS), AND PAPER (3 OF 6 FIRMS QUERIED).
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BEGIN UNCLASSIFIED

B. NAO THREATENS GOVERNMENT TAKEOVER OF IDLE BUSINESSES

DEPUTY PRIME MINISTER NGUYEN VAN HAO ASSERTED APRIL 15 THAT THE GOVERNMENT WOULD STEP IN TO RUN PRIVATE PRODUCTION FACILITIES SHUT DOWN BY THEIR OWNERS. IN A SAIGON SPEECH, HAO REMINDED LOCAL BUSINESSMEN OF THEIR RESPONSIBILITY TO HELP SAVE THE NATION. IF BUSINESSMEN ARE TRULY COMMITTED TO THE FREE MARKET PRINCIPAL, HE SAID, THEY MUST BE PREPARED NOW TO DEFEND IT BY MAXIMIZING THE NATION'S PRODUCTIVE RESOURCES. END UNCLASSIFIED

BEGIN CONFIDENTIAL

C. JAPANESE POSTPONE LOAN TO GVN

ON THE EVE OF THE SCHEDULED SIGNING CEREMONY IN TOKYO, THE JAPANESE GOVERNMENT POSTPONED A 9 BILLION YEN (US\$32 MILLION) LOAN

TO THE GVN. THE JAPANESE TOLD A GVN DELEGATION APRIL 3 THAT THEY WERE REASSESSING THEIR INDOCHINA POLICY AND THAT THE JAPANESE FOREIGN MINISTER WAS IN WASHINGTON TO CLARIFY HIS UNDERSTANDING OF US POLICY. THE JAPANESE ANNOUNCEMENT CAUGHT THE GVN DELEGATION BY SURPRISE, SINCE BOTH GOVERNMENTS HAD ALREADY EXCHANGED DIPLOMATIC NOTES APPROVING THE LOAN ON MARCH 28.

THE GVN DID SIGN A \$5 MILLION LOAN AGREEMENT WITH THE REPUBLIC OF CHINA ON APRIL 8, PROVIDING FOR COMMERCIAL IMPORT OF MACHINERY AND EQUIPMENT, END CONFIDENTIAL

BEGIN UNCLASSIFIED

D. DELTA FIGHTING NUDGES FOOD PRICES UP

HEAVY FIGHTING ALONG ROUTE 4, THE PRINCIPAL SUPPLY LINE FROM THE DELTA TO SAIGON, PUSHED FOOD PRICES UP MODERATELY. USAID'S OVERALL CONSUMER INDEX ROSE 0.6 PERCENT DURING THE WEEK ENDING APRIL 14, BUT FOOD ITEMS ALONE WERE UP 1.2 PERCENT. RICE, SEAFOOD, VEGETABLES AND SUGAR WERE AMONG THE PRICE GAINERS. THE OVERALL SAIGON INDEX HAS RISEN 3.2 PERCENT IN THE PAST MONTH, A RELATIVELY MODEST INCREASE IN VIEW OF THE MASSIVE COMMUNIST OFFENSIVE
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UNDERWAY. SINCE JAN. 1, 1975, THE INDEX IS UP 7.5 PERCENT.

E. GOLD AND DOLLAR RATES UP

THE BLACK MARKET DOLLAR RATE ROSE TO VN\$1600/US\$1 (\$100 GREEN) ON APRIL 11 AND REMAINED AT THAT LEVEL THROUGH APRIL 15. THE INCREASE COINCIDED WITH NVA ATTACKS ON XUAN LOC, BUT THE MARKET STABILIZED AS GVN FORCES HAVE SUCCESSFULLY DEFENDED THE TOWN. MARKET SOURCES SUGGEST THAT MERCHANTS AND CUSTOMERS ARE ANXIOUSLY AWAITING THE CONGRESSIONAL DECISION ON CONTINUED MILITARY AID TO VIET NAM, EXPECTED AROUND APRIL 19. MEANWHILE, GOLD PRICES ROSE SLIGHTLY IN PIASTER TERMS, BUT THE DOLLAR VALUE FIGURED AT BLACK MARKET RATES ACTUALLY DECLINED, FROM \$122.88 PER OUNCE ON APRIL 7 TO \$108.86 ON APRIL 15.
MARTIN

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TAGS: PINR, PINS, PINT, ECON, PFOR, VS
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006